

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
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P R 161104Z MAY 77
FM AMEMBASSY HELSINKI
TO SECSTATE WASHDC PRIORITY 1358
INFO AMEMBASSY COPENHAGEN
AMEMBASSY MOSCOW
AMEMBASSY OSLO
AMEMBASSY STOCKHOLM

C O N F I D E N T I A L HELSINKI 0996

EO 11652: GDS
TAGS: PINT, PFOR, UR, FI
SUBJECT: KEKKONEN CHANGES GOVERNMENT BEFORE HIS MOSCOW TRIP

REF: (A) HELSINKI 0967, (B) HELSINKI 0860 (NOTAL)

1. FORMATION OF SORSA FIVE-PARTY GOVERNMENT (REF A) WAS A NEW KEKKONEN TOUR DE FORCE SHOWING HIS DOMINANCE OVER FINNISH POLITICS. TO PAVE WAY FOR GOVERNMENT JOINING CENTER PARTY AND SOCIAL DEMOCRATS, HE FORCED THROUGH A SOLUTION TO ISSUE WHICH HAS DIVIDED THESE PARTIES AT LEAST SINCE PREVIOUS SORSA 4-PARTY GOVERNMENT. THIS ISSUE WAS WHETHER LAND OWNERS COULD BE DEPRIVED OF SOME OF RISE IN VALUE OF THEIR PROPERTY DUE TO DEVELOPMENT. SOCIAL DEMOCRATS HAD REFUSED TO ACCEPT GOVERNMENT RESPONSIBILITY UNLESS CENTER PARTY (REPRESENTING LARGELY OWNERS OF AGRICULTURAL LAND) GAVE WAY.
2. KEKKONEN DICTATED A COMPROMISE ON ISSUE PERMITTING VALUE OF LAND BEING BOUGHT FOR HOUSING OR PUBLIC PURPOSES TO BE HELD CONSTANT FOR A PERIOD OF SEVEN YEARS. AT FINLAND'S PRESENT RATE OF INFLATION, PRICES ON THE AVERAGE DOUBLE IN SEVEN YEARS. PROPERTY OWNERS WHOSE LAND IS
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EXPROPRIATED UNDER KEKKONEN COMPROMISE WILL THUS GET AT MOST ONLY HALF WHAT THEY MIGHT OTHERWISE HAVE RECEIVED.

3. KEKKONEN'S TOUR DE FORCE CONSISTED OF PERSUADING CENTER PARTY TO GO ALONG WITH HIS COMPROMISE AND THEN PRESSURING CONSTITUTIONAL COMMITTEE OF PARLIAMENT TO RULE THAT "KEKKONEN COMPROMISE" WAS NOT A MATTER OF SUCH A NATURE

THAT ONE-SIXTH OF PARLIAMENT COULD BLOCK ITS APPROVAL UNTIL AFTER NEW ELECTIONS. KEKKONEN ALSO FOUND FACE-SAVING WAY OUT OF IMPASSE BETWEEN OUTGOING PRIME MIN MIETTUNEN, WHO SAID HIS GOVERNMENT WOULD RESIGN ONLY WHEN NEW GOVERNMENT READY TO TAKE ITS PLACE, AND SORSA, WHO INSISTED THAT NEGOTIATIONS TO FORM NEW MAJORITY GOVERNMENT NOT POSSIBLE UNTIL AFTER RESIGNATION OF MIETTUNEN.

4. BESIDES POINTING UP ONCE AGAIN THE TRANSITION PROBLEM FINLAND WILL FACE WHEN THE ALL-POWERFUL KEKKONEN LEAVES THE SCENCE, LAST WEEK'S EVENTS RAISE A SERIES OF QUESTIONS SO FAR UNANSWERABLE:

A. WHY DID KEKKONEN THINK IT SO VITAL TO REPLACE MIETTUNEN MINORITY GOVERNMENT WITH MAJORITY GOVERNMENT JUST BEFORE HIS MOSCOW TRIP?

B. WHY ARE MODERATE COMMUNISTS BEING BROUGHT BACK INTO GOVERNMENT WHEN 8 MONTHS AGO THEY WERE MAJOR CAUSE OF FAILURE OF MIETTUNEN 5-PARTY GOVERNMENT?

C. WHAT IS SOVIET VIEW OF MODERATE COMMUNIST RE-ENTRY IN GOVERNMENT, THUS AGAIN STRAINING FCP UNITY?

D. IS THERE SUBSTANCE TO ALLEGATIONS THAT FCP, AND LEFT GENERALLY, INSISTED ON EXCLUSION FROM NEW GOVERNMENT OF CENTER PARTY STRONG WOMAN MARIJATTA VAANANEN AND KEKKONEN PROTEGE KEIJO KORHONEN, AND IF SO, WHY DID KEKKONEN GO ALONG?

E. WILL THE EXPANSIONIST ECONOMIC POLICY THE NEW GOVERNMENT HAS ANNOUNCED TO REDUCE UNEMPLOYEMENT, INCREASE FOREIGN BORROWING TO FINANCE INVESTMENT, ETC -- CLASH WITH THE BANK OF FINLAND'S RESTRICTION APPROACH, AND IS IT ADVISABLE WITH INFLATION RUNNING AT 14 PERCENT ANNUAL

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RATE?

5. RUMOR THAT KORHONEN PERSONA NON GRATA TO LEFT SEEMS CONSISTENT WITH FINNISH CONCERN THAT GROMYKO WOULD NOT BE IN MOSCOW TO RECEIVE KORHONEN WHEN LATTER WENT WITH KEKKONEN MAY 17 (REF B). KORHONEN WAS A STRONG MINISTER MUCH ADMIRER BY MINISTRY PROFESSIONALS. HE IS FROM KEKKONEN'S HOME AREA OF KAINUU AND EDITED TWO-VOLUME COLLECTION OF KEKKONEN'S LETTERS. KEKKONEN PAID PARTICULAR TRIBUTE TO KORHONEN WHEN HE DISCHARGED MIETTUNEN MINORITY GOVERNMENT.

6. EMBASSY WILL TRY IN COMING DAYS SHED LIGHT ON FOREGOING QUESTIONS.

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Message Attributes

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Copy: SINGLE
Sent Date: 16-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
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Disposition Approved on Date:
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Disposition Event:
Disposition History: n/a
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